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5 March 1952

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DAILY DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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DIA AND DOS review(s) completed.

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SECTION 1 (SOVIET)

1. USSR. Soviet offer to purchase Vitamin C in Switzerland:
The US Legation in Bern reports that commercial representatives of the Soviet Legation in Switzerland recently offered to purchase 50,000 kilograms (50 metric tons) of Vitamin C. [redacted]

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Comment: The United States, the world's largest producer and consumer of Vitamin C, produced only 553 metric tons in 1950. It is believed that the amount requested would have been used for an emergency reserve or to supplement field rations for troops and submarine crews. If used for supplemental feeding in doses of about 50 mg. per person, the amount requested would supply one billion doses, or one year's supply, for 2.7 million troops.

2. INTERNATIONAL COMMUNISM. The World Federation of Trade Unions charges US with use of bacteriological warfare in Korea: The office of the UN Secretary General confidentially transmitted to the United States UN delegation in New York a formal protest from WFTU headquarters in Vienna, based on information received from its affiliate in China, against large quantities of cholera and bubonic virus allegedly spread both at the front and behind the lines in Korea by American troops. Citing this as a criminal act in violation of all signed agreements, the WFTU reminded the United Nations of its responsibility to defend human rights, and called upon all "decent people" to make all possible efforts to stop the Korean war, which is "but a pretext to try out the most atrocious weapons of destruction." [redacted]

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Comment: Communist propaganda, including broadcasts from Peking and Pyongyang, made a similar claim last year. However, a 60-page report prepared by a committee sent by the Communist Women's International Democratic Federation to investigate US "atrocities" in Korea, and later issued by Malik as a UN Security Council document, did not include bacteriological warfare in its list of weapons banned by international conventions but allegedly in use by US forces in Korea. According to TASS, a commission of international jurists will investigate crimes of the "interventionists" in Korea.

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4.

Albanian workers indifferent to education: The Albanian Communist Party newspaper scored the lack of interest in organizing and attending the night schools which were set up to wipe out illiteracy among Albanian workers. Citing the poor percentage of workers receiving diplomas from their night school courses, it stated that incompleting courses were the result of poor organization and propaganda on the part of the trade unions and youth organizations.

The directors of large mines, cooperatives and factories were accused of not allowing workers to attend the night school courses. This laxity is contrary to the 9 January 1952 decision of the Council of Ministers which directed all Albanian enterprises to support the opening of the night schools.

Comment: The first anti-illiteracy campaign, which was decreed for 1 November 1949, may have raised Albanian literacy to 50 percent of the population. The second anti-illiteracy campaign began on 1 November 1951. Abolition of illiteracy is one of the projects included in the five year plan. During the last half of December 60,000 people attended the anti-illiteracy courses and 40,000 will attend later. It is noted that the lack of interest in education was evident in southern Albania, while in the northern districts of Shkoder and Kukes, where the security police have been more active in stamping out resistance, attendance has been better.

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5. POLAND. Security Police intensify watch over US diplomatic offices: The Polish Security Police have watched the US Embassy main building and the Air Attache's building since 22 February. There has also been increased interference with phone calls to Americans -- presumably from the Security Police -- and intensified police pressure on Polish servants and the neighbors of American citizens.

The Air Attache believes that this increased surveillance was caused by rumors circulating in Warsaw that the meeting of US diplomatic representatives to the Soviet Orbit will consider closing the American Embassy in Warsaw.

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Comment: This is the first report, since last fall, of any unusual Security Police pressure on United States or any other Western diplomatic representatives in Warsaw. During the past few years Polish Security Police pressure against the American Embassy and its Polish civilian employees has fluctuated considerably and has not been maintained at any constant level.

6. YUGOSLAVIA. Party leader calls for a purge of petty bourgeois elements in CPY: In an address before the Central Committee of the Serbian Communist Party, Milovan Djilas, Secretary of the Yugoslav Politburo, called upon the party, as the instrument of the proletariat, to increase the class struggle. He stated that the political situation must be the chief item on the agenda of all party meetings, and that through a discussion of the issues involved and through appropriate political measures the party can be purged of its petty bourgeois elements. "In effect," stated Djilas, "the party gets rid of these alien elements through political strife."

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Comment:

that the Communist Party of Yugoslavia has decided to purge politically unreliable public school teachers and key personnel in industry and trade as one of the first measures designed to implement the recent shift of the party line to the left.

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The recent emphasis on the revolutionary role of the party is probably an attempt on the part of the regime to restore party discipline and to convince the people and party regulars that the government's foreign and domestic policies do not represent an abandonment of socialism.

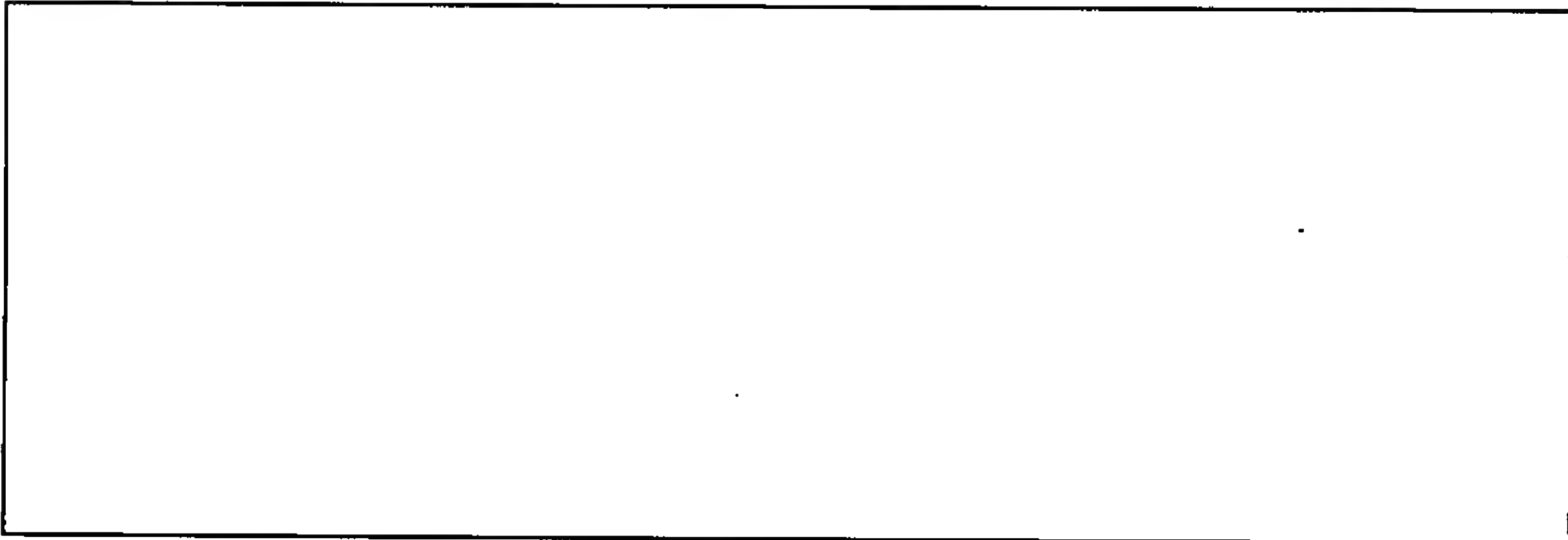
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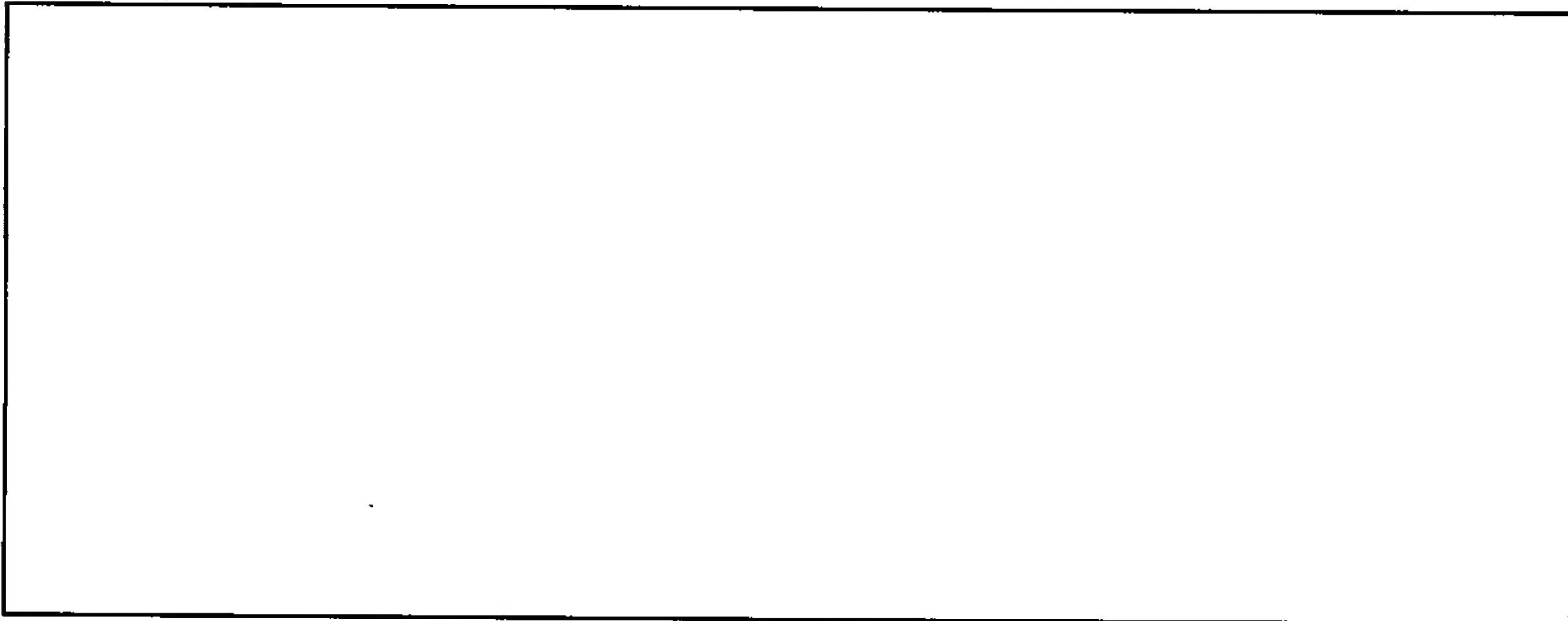
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SECTION 2 (EASTERN)

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3. BURMA. Naw Seng reportedly recruiting in China: An estimated 5,000 Kachins and "Sino-Shans" who attended a recent Chinese Communist-sponsored festival at Paoshan, near the Sino-Burmese border, were urged by Naw Seng, the Kachin rebel leader from Burma, to join his forces. Volunteers were promised military training before an invasion of Burma scheduled "in the near future."

Comment: Naw Seng's long refuge in China is an irritant in Sino-Burmese relations, particularly because of the patent insincerity of Peiping's Embassy in Rangoon when approached on the matter by Burmese authorities.

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Naw Seng's impending return to Burma has often been reported over the past year.

4. INDIA. Ambassador Panikkar's daughter marries a leading Communist: Devaki Panikkar, daughter of India's Ambassador to China, has married M. N. Govindan Nair, a south Indian Communist leader who was recently elected to the Travancore-Cochin State Assembly. [REDACTED]

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Comment: Indian Ambassador Panikkar is one of the few important diplomatic links between China and the non-Communist world. He has long been suspected of Communist leanings. His transfer to Cairo is reportedly scheduled for the near future.

5. Larger defense budget for 1952-53 may not mean larger military establishment: The Indian National Budget for 1952-53 provides for an increase in defense expenditures of 170 million rupees (about 34 million dollars) above the amount spent in 1951-52. The total new defense budget is 1,980 million rupees (396 million dollars) compared to the previous year's 1,810 million rupees (362 million dollars). [REDACTED]

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Comment: Inflationary price rises during 1951-52 may be responsible for more than half of the increase over last year's budget. Anticipated military commitments in Nepal and defense projects in eastern India may account for the rest.

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SECTION 3 (WESTERN)

1. EAST GERMANY. East Germans conceal intentions on cooperation with UN Election Commission: In an East German Office of Information communique on the United Nations commission for the investigation of electoral conditions in Germany, it was announced that the Council of Ministers saw no reason to alter the position outlined by the East German delegates at the ad hoc committee hearings in Paris last December. While the East German delegation at Paris stressed that all-German elections were a purely German issue and not a UN matter, this communique avoided any commitment on eventual permission to the commission to enter East Germany, as well as any indication of whether East Germany would participate in the 17 March preliminary discussions.

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Comment: These tactics permit the Communists to keep the Western Powers and the West Germans guessing, and to gear their unity policy at the last minute to the latest developments in Germany's integration with the West.

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4. AUSTRIA. Political motives seen in Foreign Minister's recent address: The reaction from provincial political leaders to Gruber's controversial foreign policy address on 2 February has pushed the Foreign Minister's prestige within the People's Party to a new low and rendered his retention in the Austrian Cabinet increasingly problematical. Gruber is probably well aware of this, and his recent conduct suggests that he may be trying to establish himself as an independent political figure. 25X1

A continued development along these lines would be a matter of some concern. Baiting the Soviet Union in Austria for political purposes could upset the delicate international balance in this country. Moreover, any firm coalescence of

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right-wing elements around a strong leader would raise serious obstacles to the existence of the present coalition government.

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5. ITALY. Foreign Office experts pessimistic on Trieste problem: Italian Foreign Office specialists see no hope for a settlement of the Trieste issue following Premier de Gasperi's recent press statement rejecting Tito's proposal for an Italo-Yugoslav condominium, and the play given by the Italian press to the whole issue. The incident has inflamed Italian nationalist sentiment.

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Comment: This is the first comment from Foreign Office specialists regarding prospects for a solution of the Trieste issue. Their view confirms previous indications that a settlement of the problem is highly improbable for the foreseeable future

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7. MALTA. No settlement in sight for naval dockyard strike: No solution has been found to the serious strike of civilian workers employed at the British Admiralty dockyards in Malta, and the strikers have refused the Admiralty offer to negotiate following a return to work. A hunger strike was called for 2 March by Dominic Mintoff, leader of the opposition Malta Labor Party.

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Comment: The 18,000 employees of the British dockyards, the major Maltese industry, struck on 22 February over failure to receive a cost-of-living increase. The strike has the

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support of all the political parties, but Mintoff has capitalized on it to renew his demands that Malta should receive financial assistance for permitting an American Naval Air Squadron to be stationed there. The 3,000 British and colonial troops garrisoned on the island have been reinforced by an infantry battalion from Cyrenaica, and no violence has occurred as yet.

8. TUNISIA. Tunisian official fears Arab-Asian bloc will over-extend demands: The Tunisian Minister of Justice, himself a nationalist, fears that the more extremist Arab representatives in the United Nations may include a request for Tunisian independence when the problem of the protectorate is brought before the Security Council. The Tunisian nationalists themselves desire only a Security Council recommendation that France proceed with reforms leading to internal autonomy by direct negotiation with the Tunisian Government. [REDACTED]

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Comment: The essentially moderate nature of the Tunisian position remains unchanged. An auxiliary demand is for the release of imprisoned nationalist leaders prior to the resumption of negotiations.

The Tunisian Ministers also are afraid that their position might be jeopardized by inaccuracies in the brief which Pakistan has agreed to sponsor and which is being prepared largely without Tunisian supervision.

9. GUATEMALA: Arbenz urges United Fruit Company and union to reach a settlement: In a speech opening the new Guatemalan Congress on 1 March, the President referred to the current United Fruit Company crisis and urged the company and union to reach an agreement. Otherwise, he warned, the court decisions would have to be enforced. He said, however, that the government does not wish to expropriate the company or discriminate against North American capital, and added that Guatemala welcomes foreign investments provided the investors are prepared to comply with the country's laws. For the time being, however, the government does not intend to discuss new contracts with the company, "but abides by existing rights and obligations of agreements now in force." [REDACTED]

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Comment: The company's Pacific coast properties are scheduled for forced sale on 5 March to satisfy the back wage demands of suspended workers [REDACTED] Recently the union made compromise proposals to the company

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[redacted] The company undoubtedly will accept a compromise rather than submit to the forced sale of its valuable properties.

10. VENEZUELA. Communists invite Democratic Action leaders to join popular front: An apparently authentic issue of the clandestine Communist Tribuna Popular has reprinted a letter from the outlawed party's Political Commission to the National Committee of the also illegal Democratic Action Party asking joint action against the "military dictatorship." The Communist Party has previously sought the cooperation of the Democratic Action rank and file, but has consistently denounced the leadership as imperialist and traitorous. The US Embassy at Caracas sees no reason to believe that the Democratic Action leaders will respond to the invitation. [redacted]

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Comment: Although the Democratic Action Party has also been calling for a popular front against the governing junta, there has been no suggestion that its appeal was directed at the Communists. [redacted]

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SECTION 2 (EASTERN)

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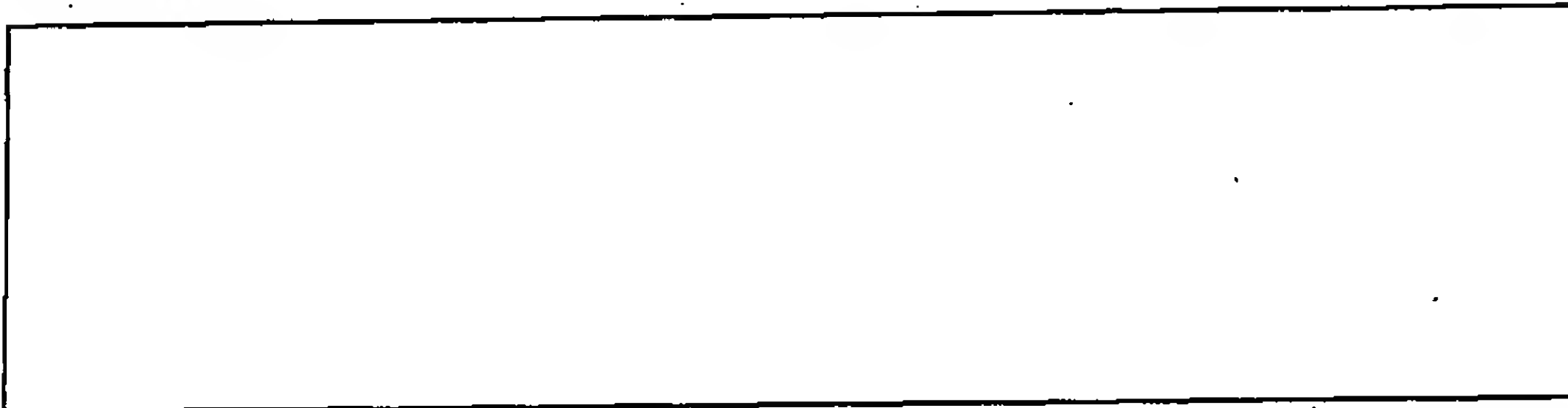
3. EGYPT. American Ambassador in Cairo assesses Egyptian situation: The new cabinet of Prime Minister Hilali can give Egypt a good government only if Great Britain offers major concessions on the Suez base and Sudan issues, according to the American Ambassador in Cairo. The opposition of the strong Wafd Party to the new government will make it

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more difficult for Hilali to accept Western terms than it was for the previous cabinets under Ali Maher and Nahas Pasha.

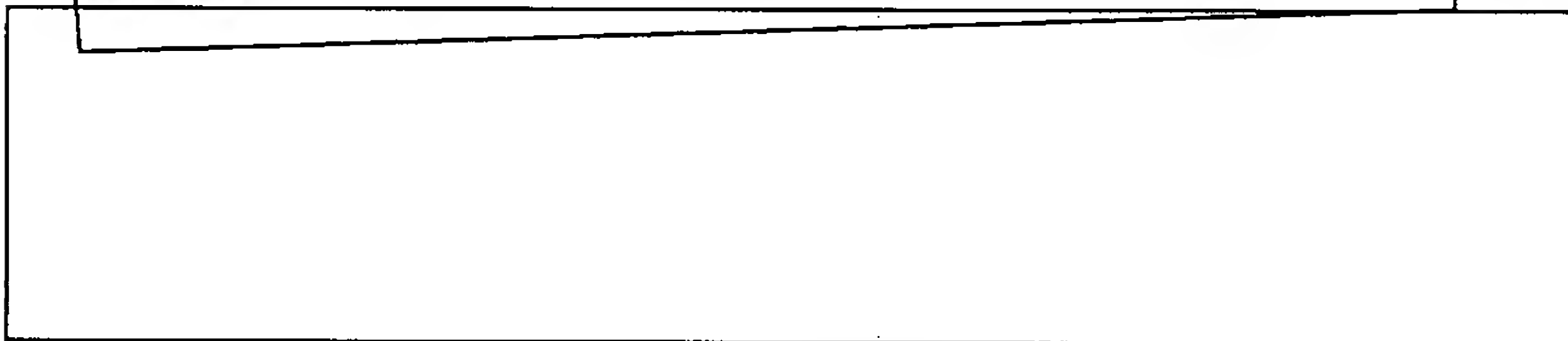


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Comment: While the new Egyptian Premier is a stronger personality than his predecessor, his ability to meet Wafd opposition successfully over the long term depends, in large part, upon the outcome of any future negotiations with the British.

4. GREECE. Prime Minister assures greater cooperation with United States: Prime Minister Plastiras exhibited a "surprisingly conciliatory mood" during his recent conversation with the American Ambassador. After promising that his government would redouble its efforts in the economic field, he assured the Ambassador that he would assume full responsibility for changes in the Greek armed forces, and that no further changes would be made without full consultation with the Chief of the American Military Mission.

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SECTION 3 (WESTERN)

5. SWITZERLAND. Swiss reluctant to send large arms exports to the United States: A Swiss Foreign Office spokesman informed the American Minister in Bern that he is not certain whether the Swiss Government can approve "such large exports of arms" as are required by a contract for 240,000 rockets, valued at

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140 million Swiss francs, for the US Air Force. The Foreign Minister himself opposed the export of this order but was willing to refer a request to the Federal Council, Switzerland's executive body.

The US Air Force placed the contract in January with Buehrle Oerlikon, munitions manufacturers, with delivery on the order to begin on 8 January. American observers hope the Swiss are not now seeking a quid pro quo for the military orders they have placed in the United States. [REDACTED]

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Comment: The Swiss position at the beginning of the year implied approval of all export permits for American military materiel ordered in Switzerland. The reversal may reflect concern that Swiss claims against Germany arising out of World War II may not receive sufficient consideration at the German debt conference now under way in London. The Swiss have threatened to leave the OEEC and EPU, and have refused to come to an agreement over the liquidation of German assets in Switzerland.

6. GUATEMALA. American Ambassador advises delaying termination of aid to Guatemala: Since the United Fruit Company's dispute with the Guatemalan Government is at a crucial point, Ambassador Schoenfeld recommends that the United States delay for a few days any decision to terminate technical assistance programs in Guatemala. He feels that abrupt action by the United States at this moment would harm rather than help the company's chances of arriving at an agreement with the government.

The Ambassador suggests that if the dispute becomes more serious these measures could then be justified on the grounds that conditions are not conducive to cooperative programs. He feels, however, that such measures are not likely to improve matters and will at best be a concession to American public opinion. [REDACTED]

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Comment: The present crisis between Guatemala and the United Fruit Company arose from a court order that the company's properties on the Pacific coast be sold at public auction on 5 March to satisfy the back wage demand of some 3,700 workers. These laborers were suspended by the company after wind storms did considerable damage to the plantations last September.

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The company has refused to rehabilitate the plantations without guarantees against increased labor costs during the next three years. The company can be expected to reach some agreement with the workers in order not to lose such valuable properties.

7. MEXICO. Diplomatic relations with Czechoslovakia under re-view: The US Embassy in Prague has been informed that the Mexican Minister to Czechoslovakia has been recalled for discussions concerning the question of maintenance of relations with Czechoslovakia. The Mexican Foreign Office is re-examining its representation in Prague in view of the prospective transfer of Czech Minister Kaisr from Mexico City and the "harassment" to which the Mexican Legation has been subjected. The Mexican Minister has suggested that he be replaced by a charge d'affaires, as has been done in Moscow and Warsaw.

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